

# Senate Study Bill 3276

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON BOLKCOM)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the carryforward of unused investment tax  
2 credits under the high quality job creation and enterprise  
3 zone programs and including effective and applicability date  
4 provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

6 TLSB 6547XC 82

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1 1 Section 1. Section 15.333, subsection 1, unnumbered  
1 2 paragraph 1, Code Supplement 2007, is amended to read as  
1 3 follows:

1 4 An eligible business may claim a tax credit equal to a  
1 5 percentage of the new investment directly related to new jobs  
1 6 created by the location or expansion of an eligible business  
1 7 under the program. The tax credit shall be amortized equally  
1 8 over five calendar years. The tax credit shall be allowed  
1 9 against taxes imposed under chapter 422, division II, III, or  
1 10 V, and against the moneys and credits tax imposed in section  
1 11 533.329. If the business is a partnership, S corporation,  
1 12 limited liability company, cooperative organized under chapter  
1 13 501 and filing as a partnership for federal tax purposes, or  
1 14 estate or trust electing to have the income taxed directly to  
1 15 the individual, an individual may claim the tax credit  
1 16 allowed. The amount claimed by the individual shall be based  
1 17 upon the pro rata share of the individual's earnings of the  
1 18 partnership, S corporation, limited liability company,  
1 19 cooperative organized under chapter 501 and filing as a  
1 20 partnership for federal tax purposes, or estate or trust. The  
1 21 percentage shall be determined as provided in section 15.335A.  
1 22 Any tax credit in excess of the tax liability for the tax year  
1 23 may be credited to the tax liability for the following ~~seven~~  
1 24 five years or until depleted, whichever occurs first.

1 25 Sec. 2. Section 15.333A, subsection 1, Code 2007, is  
1 26 amended to read as follows:

1 27 1. An eligible business may claim an insurance premium tax  
1 28 credit equal to a percentage of the new investment directly  
1 29 related to new jobs created by the location or expansion of an  
1 30 eligible business under the program. The tax credit shall be  
1 31 amortized equally over a five-year period. The tax credit  
1 32 shall be allowed against taxes imposed in chapter 432. A tax  
1 33 credit in excess of the tax liability for the tax year may be  
1 34 credited to the tax liability for the following ~~seven~~ five  
1 35 years or until depleted, whichever occurs first. The

2 1 percentage shall be determined as provided in section 15.335A.

2 2 Sec. 3. Section 15E.193B, subsection 6, paragraph a, Code  
2 3 2007, is amended to read as follows:

2 4 a. An eligible housing business may claim a tax credit up  
2 5 to a maximum of ten percent of the new investment which is  
2 6 directly related to the building or rehabilitating of a  
2 7 minimum of four single-family homes located in that part of a  
2 8 city or county in which there is a designated enterprise zone  
2 9 or one multiple dwelling unit building containing three or  
2 10 more individual dwelling units located in that part of a city  
2 11 or county in which there is a designated enterprise zone. The  
2 12 new investment that may be used to compute the tax credit  
2 13 shall not exceed the new investment used for the first one  
2 14 hundred forty thousand dollars of value for each single-family  
2 15 home or for each unit of a multiple dwelling unit building  
2 16 containing three or more units. The tax credit may be used to

2 17 reduce the tax liability imposed under chapter 422, division  
2 18 II, III, or V, or chapter 432. Any credit in excess of the  
2 19 tax liability for the tax year may be credited to the tax  
2 20 liability for the following ~~seven~~ five years or until  
2 21 depleted, whichever occurs earlier. If the business is a  
2 22 partnership, S corporation, limited liability company, or  
2 23 estate or trust electing to have the income taxed directly to  
2 24 the individual, an individual may claim the tax credit  
2 25 allowed. The amount claimed by the individual shall be based  
2 26 upon the pro rata share of the individual's earnings of the  
2 27 partnership, S corporation, limited liability company, or  
2 28 estate or trust except as allowed for under subsection 8 when  
2 29 low-income housing tax credits authorized under section 42 of  
2 30 the Internal Revenue Code are used to assist in the financing  
2 31 of the housing development.  
2 32 Sec. 4. EFFECTIVE AND APPLICABILITY DATE. This Act takes  
2 33 effect January 1, 2009, for tax years beginning on or after  
2 34 that date.

2 35 EXPLANATION

3 1 Under the high quality job creation program and the  
3 2 enterprise zone program, eligible businesses may receive an  
3 3 investment tax credit to offset their individual or corporate  
3 4 income tax, franchise tax, or insurance premiums tax. If the  
3 5 tax credit is in excess of the tax liability, the business may  
3 6 carry the excess forward for up to seven tax years. This bill  
3 7 limits the carryforward to up to five tax years.  
3 8 The bill takes effect January 1, 2009, for tax years  
3 9 beginning on or after that date.  
3 10 LSB 6547XC 82  
3 11 mg/sc/5